VERALON ®

TRANSFORMATIVE HEALTHCARE CONSULTING

How Equitable is Your Provider Compensation?

Employers everywhere face questions and concerns about whether they pay employees equitably, across gender, race, ethnicity and other protected classes. Healthcare organizations are no exception. They need to know the answers to these questions so they can address public perceptions, minimize legal risk, and have a satisfied and diverse workforce.

It's no easy task to determine whether there are unexplained variations in physician compensation across the organization, ie pay inequity, given the many departments, specialties, and physician roles.

While there is likely some degree of standardization in physician compensation models, practice acquisitions and other sources of medical staff growth may have introduced unplanned variation. And many organizations do not have standard compensation models for advanced practice providers (APPs).

Veralon can support your organization in applying an objective, analytic approach to assessing and effectively achieving pay equity among the provider workforce. Our services include:

○ **Assembling a detailed database of physician (and or APPs) data to enable a statistical analysis of pay equity**
○ **Controlling for the factors that influence compensation, such as specialty and productivity, among others, using robust statistical analyses**
○ **Identifying variations from expected and actual compensation, and correlating them with demographic and other characteristics to assess compensation equity**
○ **Summarizing potential risks and potential remediation strategies**

ASSESSING PHYSICIAN PAY EQUITY

Database of physician characteristics and compensation → Model expected compensation by physician → Are there gaps between expected and actual compensation? → Identify areas of risk and remediation

WHY VERALON?

We are a nationally recognized resource for the full spectrum of provider compensation services, including design and valuation. Our senior team leaders, senior consulting staff, will be actively involved and interact directly with your team.

Veralon has:

• Designed hundreds of physician compensation plans, incorporating volume-based and value-based incentives, and accommodating teaching, administration, and research activities

• Completed more than 2000 fair market value opinions for physician compensation

• Been recognized as an industry thought leader in physician-hospital alignment, and value-based payment models

• Worked with compensation programs ranging from a single hospital to large scale health system programs

Pay Equity Analysis

Veralon works with the client to:

- Collect and integrate individual physician/provider data;

- Identify and review client documents on compensation philosophy and policies and on standardized compensation models;

- Perform statistical analysis on physician data, using multivariable regression analysis (where segment size allows), to determine whether there are legitimate explanations for pay discrepancies within and across groups;

- Determine whether / where there are potential inequities, by drilling down into pay differences and comparing actual vs. predicted pay distribution by segment;

- Review with Client and discuss mitigation strategies;

- Produce final report.

Development of Standardized Compensation Models

Our physician compensation design services involve physician leaders in the process, and can include:

- Assessing current compensation models to determine how well model structures align with organizational goals

- Designing plan models that include both volume and value-based incentives, and are consistent with goals, by:

  - Defining service levels, and determining their fair market value based on work RVUs and other indicators

  - Translating AS&T activities for faculty and administrators into fair and reasonable compensation ranges

  - Assuring that quality incentives are designed to improve quality of care

  - Comparing the impact of multiple options on the whole organization and on individual physicians

If pay inequities are identified, Veralon can determine the cost of bringing compensation for all providers to a level that assures pay equity and is consistent with the re-designed compensation plan.

VERALON®